DOCUMENT RESUME

ED 320 380 EC 231 194

TITLE Incentives To Work for SSI and SSDI Recipients. A Summary of Pertinent Provisions of Federal Social Security Legislation, Including the Employment Opportunities for Disabled Americans Act (P.L. 99-643). NARF Monograph Series.

INSTITUTION National Association of Rehabilitation Facilities, Washington, DC.

PUB DATE Oct 88

NOTE 37p.

AVAILABLE FROM National Association of Rehabilitative Facilities, P.O. Box 17675, Washington, DC 20041 ($5.00).

PUB TYPE Guides - Non-Classroom Use (055)

EDRS PRICE MF01 Plus Postage. PC Not Available from EDRS.

DESCRIPTORS Adults; *Disabilities; *Employment Potential; *Federal Legislation; Income; *Vocational Rehabilitation

IDENTIFIERS *Employment Opportunites for Disabled Americans Act; Social Security; Social Security Disability Insurance; Supplemental Security Income Program; *Work Incentives

ABSTRACT

Intended for rehabilitation counselors, the booklet provides information about the Employment Opportunities for Disabled Americans Act which provides incentives and assistance for people with disabilities who wish to work. The booklet begins with a brief description of the Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) programs. The descriptions are followed by an overview of the work incentive provisions and contains a short summary of their legislative history. Each work incentive provision is then described in greater detail. These descriptions are grouped into three sections: one for those incentives which apply to SSDI only; one for those provisions which apply to SSI only; and one for the incentives which apply to both SSDI and SSI. The booklet ends with a glossary of terms as they are defined in Social Security Administration literature and a section listing six relevant publications generally available at local Social Security field offices.

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NARF Monograph Series

Incentives to Work for SSI and SSDI Recipients

October 1988

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Incentives to Work for SSI and SSDI Recipients

A summary of pertinent provisions of Federal Social Security legislation, including the Employment Opportunities for Disabled Americans Act (P.L. 99-643)

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Forward

This brochure was developed by the National Association of Rehabilitation Facilities (NARF) to help the staffs of vocational and medical rehabilitation facilities encourage their clients to participate in the work incentive programs available to them through Federal Social Security legislation. It updates the NARF Monograph, *Social Security Incentives to Work*.. This monograph includes information about the Employment Opportunities for Disabled Americans Act which became effective on July 1, 1987. This Act makes Section 1619(a) and (b) a permanent part of Social Security law. It also makes other changes in that law which will further assist people with disabilities who want to work.

While we created this brochure to assist our member facilities, we hope that other rehabilitation professionals and advocates for people with disabilities will find it useful as well. We also hope that the information in it will lead many Social Security Disability Insurance beneficiaries and Supplemental Security Income recipients to seek and find productive employment.

We acknowledge the encouragement and assistance of the staff of the Social Security Administration in this effort. We are particularly grateful to Kenneth McGill, External Affairs Officer, for helping us with this complex task.

John A. Doyle
Executive Director

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INTRODUCTION
HOW THIS BOOKLET IS ORGANIZED

The purpose of this booklet is to give rehabilitation professionals and advocates for people with disabilities sufficient knowledge of the work incentive provisions of the Social Security Disability Insurance program (SSDI) so that they can assist their clients in benefitting from them. It is not intended to be a detailed manual on all or any of these programs.

Such written detailed program information is generally available from the local field offices of the Social Security Administration (SSA) in written form. Staff at those offices are trained to supplement those written materials with whatever explanations of them are needed. NARF encourages anyone who has questions about these programs to seek their help.

This booklet begins with a brief description of the SSDI and SSI programs. The descriptions are followed by an overview of the work incentive provisions and contains a short summary of their legislative history. Each work incentive provision is then described in greater detail. These descriptions are grouped into three sections: one for those incentives which apply to SSDI only; one for those provisions which apply to SSI only; and one for the incentives which apply to both SSDI and SSI. For added clarity, each page of the incentive descriptions identified the program or programs to which it applies by a legend in the upper outside corner. These legends read: SSDI & SSI or SSDI ONLY or SSI ONLY.

The booklet ends with a glossary of key terms as they are defined in Social Security Administration (SSA) literature and a section on references and resources about Social Security programs generally and work incentives in particular. The latter includes a listing of pertinent publications which are generally available at local Social Security field offices.

I. DISABILITY AND WORK: AN OVERVIEW OF SSDI AND SSI

Many people with disabilities are unable to support themselves because their disabilities:

- prevent them from working at all;
- limit the kinds of work they can do; and
- limit the amount of time they can work.

These limitations are frequently the most severe consequences of having a disability. They often overshadow the physical, intellectual, or emotional limitations that a particular disability may impose. At any given time, more than half the Americans with disabilities of working age are unemployed. They need money to support themselves from day to day as does everyone else in this society.

The Federal Response

The Federal Government administers two programs designed to provide income to people with disabilities who cannot work or whose ability to earn a living is severely limited. Both programs provide monthly cash payments to those who are eligible for them. Both also provide free or low-cost medical services to those who are eligible and need them.

These two programs are operated by the Social Security Administration (SSA). They are:

- Social Security Disability Insurance (SSDI)
- Supplemental Security Income (SSI)

Each program is designed to serve a different population. Each has its own set of eligibility criteria. Some people are eligible for both programs. Some of the eligibility criteria for both programs are the same; some are quite different.

In the past, both programs, SSDI and SSI, have discouraged people with disabilities who were enrolled in them from trying to work. If enrollees did work, they were in danger of losing their

monthly cash payments and/or medical coverage.

These disincentives to work were the **unintended** consequences of the ways in which the laws and regulations governing both programs were written. Since 1980, Congress and the Social Security Administration have revised these laws and regulations to encourage people with disabilities to work if they can. These revisions have removed some of the disincentives to work. They have added provisions designed to continue the monthly cash payments and medical services to people with disabilities until they earn enough money by working that they no longer need them. These provisions are called work incentives.

This booklet describes each of these work incentives. In order to understand them and how they work, one must be familiar with the two basic programs: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI).

Social Security Disability Insurance (SSDI)

The SSDI program is, as its name implies, an insurance program. It pays benefits to workers who become disabled if those workers have paid Social Security taxes (F.I.C.A.) for the required number of quarters before they become disabled. That number varies according to their ages.

Benefits are based on earnings and length of time in the work force. They are paid to the beneficiary in the form of monthly cash payments. The average monthly cash payment for all disabled workers currently is $508 (1988).

The spouses and children of disabled workers receiving SSDI benefits are also entitled to benefits under this program. Under certain circumstances, those benefits continue if a spouse or child is or becomes disabled even though the disabled worker reaches age 65 or dies.

The SSDI program was established by the original Social Security Act in 1935. As of 1988, 112 million workers are covered by

Social Security Disability Insurance, and 2.7 million disabled workers and 1.2 million dependents are receiving SSDI benefits.

SSDI beneficiaries are also entitled to Medicare, generally after a 24-month period. Medicare benefits to all SSDI beneficiaries totaled $9.2 billion in 1986.

Supplemental Security Income (SSI)

The SSI program is an income maintenance program for poor people who are elderly, blind, or disabled. (Many provisions of the Social Security legislation make a distinction between those who are blind and those who have other disabilities. In general, those who are blind are more favorably treated by those provisions than those with other disabilities.) SSI replaces state welfare programs which formerly provided income support to these groups. It creates nationally uniform standards for determining eligibility for benefits and for the amount of benefits paid.

In order to be eligible for SSI, a person must:

- Be age 65 or older, blind, or disabled;
- Have countable monthly income not more than $354 individually or $532 as a couple (1988); and
- Have countable resources of not more than $1900 individually or $2850 as a couple (1988).

Regulations determine countable income and countable resources. In determining countable income, for example, the first $20 of any income and the first $65 of earnings are not counted. Neither are the values of food stamps, housing subsidies, and some other benefits from government programs. Workers' compensation, however, is counted. The house one lives in, burial plots, and burial funds are not considered as countable resources.

State Supplements

State governments have the option of providing additional cash benefits and/or services to SSI recipients. These State Assistance Programs are not counted as income or resources and therefore do not affect eligibility for SSI or the amount of the SSI monthly cash payment the individual receives. State Assistance Programs vary greatly. A Social Security publication outlining the provisions of these programs in each state is 139 pages long. Specific information about the program in your state is available at the local Social Security field office.

Medicaid

Most SSI recipients are covered by Medicaid. East state has three options for providing such coverage:

- Automatic eligibility through agreement between SSA and the state;
- Automatic eligibility upon filing a separate Medicaid application; and
- State-imposed Medicaid eligibility requirements, usually more restrictive than Federal criteria.

Consult the local SSA field office or appropriate state agency to determine which option is used in your state.

Cash Payments

The purpose of SSI is to provide a minimum level of income to recipients by supplementing the inadequate funds they have available. Therefore, the amount of the monthly cash payments to individuals (or couples) varies according to their particular circumstances. The SSI program is indexed to the cost of living. As a result, eligibility criteria and cash payments increase periodically.

The SSI program was created in 1972 as Title XVI of the Social

Security Act. There are currently 4.4 million recipients, including 2.8 million who are blind or disabled, of whom about .56 million are 65 or older. Current monthly cash payments to those who are blind or disabled average $287, including state supplementation.

How Disability is Defined and Determined for SSDI and SSI

SSDI and SSI use the same definition of disability and the same process for determining if an individual applying for either program is disabled. Both the definition of disability and the process for establishing it play important roles in determining eligibility for the two programs. Both also play important roles in the work incentive programs.

The Social Security Act defines disability as "the inability to engage in <u>any</u> substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than 12 months...."

This definition is unique to the Social Security program and to other Federal and state programs related to it. Instead of defining disability in terms of specific medical criteria or broad functional limitations, it defines disability in terms of the **inability to work** when that inability is caused by a physical or mental impairment.

The unique nature of this definition leads to a five-step sequential process for determining whether an applicant has a disability:

Step 1 - Determine whether the individual is working and, if so, whether that work constitutes substantial gainful activity (SGA). (See next section for definition).

If the person is working at or above the level of substantial gainful activity (SGA), he/she is presumed <u>not</u> to have a disability for the purposes of the SSDI or SSI programs. If the person is not working at all or working <u>below</u> the SGA level, the remaining steps are

used to determine whether a disability exists.

Step 2 - Determine whether the person has a severe impairment.

Step 3 - Determine if that impairment is listed in the SSA regulations or is medically equivalent to any of those listed. (SSA periodically updates a listing of impairments that are presumed to be severe enough to prevent a person from working for a year or more.)

Step 4 - Determine whether the person can perform work that he/she has done in the past, taking into account the limitation imposed by the impairment.

Step 5 - Determine whether the person can do any other work at the level of substantial gainful activity (SGA). (This is an administrative decision requiring an evaluation of the individual's age, education, and previous work experiences as they interact with his/her impairment. It is a judgment of the person's capacity to work, and not whether such work exists or whether he/she could obtain it.)

To summarize, a person meets the SSA definition of disability if:

- He/she is not working at the level of substantial gainful activity (SGA)

AND

- Has a severe impairment listed in the SSA regulations

OR

- Has a severe impairment which is medically equivalent to those that are listed

OR

- Has a severe impairment which prevents him/her from perform ing work previously done

AND

- Also prevents him/her from performing other work at the SGA level.

Each disability beneficiary is subject to periodic reviews. These reviews are conducted to determine whether the disabling condition has medically improved and whether the beneficiary is still unable to engage in SGA. In cases where medical improvement is not expected, reviews are conducted every seven years. In cases where medical improvement is possible, they are conducted every three years. Cases in which improvement is expected are given a "medical diary date" (generally, for not more than 2 years) which coincides with the date of expected improvement and are reviewed at that time.

Reviews are also conducted if the Social Security Administration receives information indicating a change in the recipient's employment status (including earnings level) or medical condition. (See page 19 for a further discussion of Section 1619.)

Definition of Substantial Gainful Activity (SGA)

Since the performance of substantial gainful activity (SGA) is the primary standard for determining eligibility for SSDI and SSI, it is important to understand its definition. SGA is "a level of work activity which is both substantial and gainful. Substantial work activity involves the performance of significant physical or mental duties, or a combination of both, which are productive in nature. Gainful work activity is activity for remuneration or profit (or intended for profit, whether or not a profit is realized)... or of a nature generally performed for remuneration or profit. For work activity to be substantial, it need not necessarily be performed on a full-time basis; work activity performed on a part-time basis may also be substantial."

In most cases, earning criteria are used to determine whether a person is engaged or can engage in substantial gainful activity (SGA).

- Earnings averaging over $300 a month demonstrate that a person is engaged in SGA.
- Earnings averaging less than $190 a month demonstrate that

a person is not engaged in SGA.

- Earnings between $190 and $300 require that all circumstances related to the work activity be considered when determining whether it is SGA.

Impairment-related work expenses, such as attendant care, medical equipment, prostheses, and travel costs, can be deducted from gross earnings before determining countable income for SGA purposes. Such items must be needed to control the disability, necessary to perform the work activity, and paid for by the worker without reimbursement. (See section on Impairment-Related Work Expenses (IWRE) for a more detailed discussion.)

Exceptions Related to SGA

Ordinarily, in sheltered work in a rehabilitation facility, earnings of $300 or less demonstrate that a person is not engaged in substantial gainful activity (SGA). In such a facility, only the earnings attributable to a person's own efforts are considered countable income. Subsidies based on financial need are disregarded.

A special definition of SGA applies to persons who are blind under SSDI. In that program, they may earn significantly higher incomes than those who are otherwise disabled and still not be considered as engaged in substantial gainful activity (SGA). The actual level of permitted earnings is linked to SSA retirement benefits which are indexed to the cost of living, and thus it increases periodically. It was $700 per month in 1988.

Persons who are blind are exempt from the standards of substantial gainful activity in the SSI program.

II. AN OVERVIEW OF SOCIAL SECURITY WORK INCENTIVES

SSI and SSDI were designed to provide income in the form of monthly cash payments to people with disabilities who could not work. The original provisions of both programs went to great lengths to prevent people with disabilities who had the potential to work from receiving benefits. If a person with a disability who was receiving benefits attempted to work, those benefits were terminated abruptly.

Over time, it became apparent that a significant number of people with disabilities enrolled in SSDI or SSI could work and wanted to do so. This occurred because of a number of factors. Medical advances enhanced the functional capacity of some. New programs, such as supported employment, created job opportunities for others. Through the Independent Living Movement and other self-help efforts, people with disabilities expanded their expectations of themselves and encouraged others to expand what they expected of them as well.

The restrictive provisions of the SSI and SSDI programs made it difficult for many to act on these new expectations and few left the rolls. Most feared that they could not earn enough to equal or surpass the amount of benefits they received as enrollees; others feared that they might not be able to maintain employment once they obtained it; still others feared losing medical benefits because of the high cost or unavailability of medical insurance to people with severe impairments.

Since 1980, Congress has been addressing the disincentives to work which were built into the SSDI and SSI programs. Significant changes were made in the Disability Amendments of 1980 (P.L. 96-265). They included allowing deductions for impairment-related work expenses and providing an extended period of eligibility for those who go to work. Section 1619(a) allowed SSI recipients to receive cash payments while working, even when their earnings reached SGA levels, with maximum earnings of $793 per month.

Section 1619(b) permitted those recipients to retain Medicaid eligibility so long as their income was not sufficient to purchase needed medical services.

Originally an experimental program, Section 1619 was made a permanent part of Social Security legislation in 1986 with the passage of the Employment Opportunities for Disabled Americans Act (P.L. 99-643). This Act made major changes in the work incentives available to SSI recipients, strengthening them while simplifying the administration of the SSI program. It also made minor adjustments in the work incentives available to SSDI beneficiaries, but did not alter that program significantly.

Improvements in incentives in the SSDI program were included in the Omnibus Budget Reconciliation Act of 1987 (P.L. 100-203). These extended the period during which benefits may be reinstated if a recipient's earnings fall below the SGA level from 15 to 36 months and permitted them to renew entitlement to Medicare after gainful employment without a two-year waiting period.

Additional improvements in the work incentive programs available to SSI recipients and SSDI beneficiaries are under consideration at this writing. The Disability Advisory Council to the Social Security Administration, appointed by President Reagan to identify such improvements, made its report in April, 1988.

Congress created the Disability Advisory Council to the Social Security Administration on July 3, 1986 to study three specific areas:
1) the effectiveness of the vocational rehabilitation programs for Social Security and Supplemental Security Income beneficiaries;
2) the question of using specialists to complete medical and vocational evaluations at the state agency decision-making level; and
3) alternative approaches to work evaluations.

The Council has issued an extensive report with more than 50 recommendations, which leaned toward incremental changes and

called for demonstrations rather than a restructuring of the SSI and SSDI programs. While the Council believed such restructuring necessary to accomplish the goal of getting beneficiaries back to work, they said they were frustrated "by a lack of data that are necessary to the formulation of sound policy."

The Council said that a major disincentive in the current SSI and SSDI programs is that beneficiaries are sent mixed signals - first they must prove that their impairments prevent them from working for at least 12 months in order to be awarded benefits - then they are encouraged to work and forfeit their benefits. The Council said that the SSI and SSDI programs should be restructured so as to assign a higher priority to encourage beneficiaries to work than to declaring them unable to work.

III. WORK INCENTIVES WHICH APPLY ONLY TO SSI RECIPIENTS

Sheltered Workshop or Work Activities Center Payments

Student Earned Income

Plan for Achieving Self-Support

Blind Work Expenses

Section 1619: Special SSI Benefits for People Who Work

Sheltered Workshop or Work Activity Center Payments

Pay received for sheltered work in a rehabilitation facility is considered as earned income, rather than unearned income for the purpose of computing SSI payments. In computing such payments, the first $20 of unearned income is excluded while the first $65 of earned income is excluded. This provision permits the Social Security Administration (SSA) to exclude more of the earnings from sheltered employment and results in higher benefits to SSI recipients employed in these programs.

Student Earned Income

Deeming of income and resources from parents to children for the purpose of determining SSI eligibility and payment levels stops when the child becomes 18 whether or not the child is a student. The eligibility and payment levels of such individuals is determined on the basis of their own income and resources, not their parents'. The earned income of students under age 22 is not counted up to $400 per month, or $1620 in a calendar year.

Plans for Achieving Self-Support (PASS)

An SSI recipient can set aside a portion of his/her income and/or resources for a specified period of time for a work-related goal such as education, vocational training, or starting a business through a Plan for Achieving Self-Support (PASS). The income and/or resources set aside are not counted in determining SSI eligibility or payment levels. They do not affect substantial gainful activity (SGA) determinations.

The plan must include:
- a feasible work goal
- a specific saving/spending plan
- a clear accounting of the funds set aside
- a time frame or schedule for completion

It must be in writing and the recipient must follow it and negotiate revisions in it as needed. Anyone -- family, friend, or professional -- may help the recipient develop the plan. The Social Security Administration (SSA) offers assistance in putting such plans in writing. The plan must be evaluated and accepted by SSA.

Plans for Achieving Self-Support are effective ways of obtaining and maintaining SSI eligibility and increasing monthly cash payments. They may be used at any time.

Note: This provision is particularly under-used. The Social Security Administration (SSA) encourages recipients, professionals, and advocates to explore it further.

Blind Work Expenses (BWE)

Any earned income of a person who is blind which is used to meet any expenses reasonably attributable to earning the income is not counted in determining SSI eligibility and payment amount. Unlike impairment-related work expenses, blind work expenses need not relate directly to the person's blindness. They need only be work-related expenses.

Blind work expenses are broadly defined. They include such items as: Brailling, dog guide expenses, union dues, and income and Social Security taxes. Consultation with the Social Security field office is especially recommended to make sure that all deductible items are identified in any particular case.

SSI Special Benefits for People Who Work (Section 1619)

Special Cash Payments Under Section 1619(a)

This provision authorizes special cash benefits to disabled people in place of their regular SSI cash payments when their earned income exceeds the substantial gainful activity (SGA) level currently at $300 a month. If earned income drops below that level at any time, regular benefits will be reinstated if all other eligibility requirements are still met. Reinstatement does not require a re-application or any waiting period. Persons who receive special SSI payments are considered SSI recipients for all purposes, including Medicaid eligibility.

Under these special rules, the person's cash payment amount is calculated in the same way as was his/her regular cash payment benefit. The actual amount of a person's cash payment under Section 1619(a) is determined by a complex formula which includes several factors such as current earnings level and whether or not he/she is entitled to state supplementation. The intent of the formula is to continue cash payments at reduced levels as earned income increases so that the person is not penalized for working. These payments continue until income reaches the Federal benefit rate of $735 for an individual or $1016 for a couple, or higher if state supplementation is involved. The payments are then terminated. The reductions in cash payments occur more gradually than do increases in earnings dollar-for-dollar.

Some states pay supplementary payments to SSI recipients. They also have the option of supplementing recipients in the Section 1619 program. The following have elected to do so:

California	Iowa	New Jersey
Tennessee	Kansas	Vermont
Delaware	New York	District of Columbia
Maine	Pennsylvania	Washington
Georgia	Massachusetts	Rhode Island
Wisconsin	Michigan	South Dakota
Hawaii		

These state supplemental payments are Federally administered.

SSI Recipient Status for Medicaid Purposes Under Section Section 1619(b)

In states where SSI recipients are eligible for Medicaid coverage, Section 1619(b) continues that coverage even when earnings become too high for the person to receive cash payments. That coverage continues until earnings reach a level at which the person can afford to pay for his/her own medical expenses or coverage and for any attendant or personal care assistance to which he/she would be entitled if not working.

To be eligible for extended Medicaid coverage under Section 1619(b), a person must:

- Continue to be medically disabled or be blind
- Need Medicaid in order to continue working
- Not be able to afford benefits equivalent to SSI benefits and Medicaid coverage and publicly-funded attendant or personal care services the person would be eligible for if he/she were not working.

Medicaid benefits are considered necessary to work if the person

expects to use those benefits in the next 12 months.

A threshold concept is used to determine whether a person's earnings are sufficient to replace the SSI and Medicaid benefits lost due to work. It is based on the amount of earnings which would reduce SSI payments to zero and the estimated annual per capita expenditures for the state where he/she lives. The threshold varies from state to state. If earnings do not exceed the state threshold, the person is presumed eligible for Medicaid. Impairment-related or blind work expenses and income and/or resources set aside under a plan for achieving self-support are deducted from earnings in determining this eligibility.

If earnings exceed the threshold and the individual has high medical expenses, an individualized threshold can be developed, based on actual medical expenses and/or the cost of attendant or personal care services.

The following states use criteria for Medicaid eligibility which differ from SSI eligibility criteria:

Connecticut	Minnesota	North Carolina
Utah	Hawaii	Missouri
North Dakota	Virginia	Illinois
Nebraska	Ohio	Indiana
New Hampshire	Oklahoma	

Recipients under the Section 1619(b) provision who might otherwise lose their Medicaid eligibility under their state's Medicaid criteria retain it for as long as they are 1619 eligible provided that they were eligible for a regular SSI benefit and Medicaid in the month prior to becoming eligible for Section 1619.

Special Benefits for Section 1619 Eligibles Who Go Into a Medicaid/Public Medical or Psychiatric Facility

If an SSI recipient, eligible under Section 1619, enters a public medical or psychiatric facility, his/her eligibility and payment will continue to be figured in the usual manner for up to two full months, provided that the facility agrees to allow him/her to retain any payments. If he/she enters a Medicaid facility (one in which Medicaid pays more than 50% of the cost), instead of being subject to the $25 payment limit for those months, his/her eligibility and benefit will continue to be figured in the usual manner for those months.

IV. WORK INCENTIVES WHICH APPLYONLY TO SSDI BENEFICIARIES

Waiting Periods

Trial Work Period

Extended Period of Eligibility

Medicare Qualifying Period

Extension of Medicare Coverage

Waiting Periods

Under the SSDI program, a worker must wait five months after his/her disability begins before he/she can receive disability benefits. No new waiting period is required if a disabled worker returns to the disability rolls within five years of leaving them. Different rules apply to disabled children, widows, and widowers of SSDI recipients.

Trial Work Period

Most SSDI beneficiaries are entitled to a trial work period in which to test their ability to work without losing their benefits. The trial work period lasts a total of nine months. The trial work period begins with the month in which the disabled worker becomes entitled to benefits or the month in which the application is filed, whichever is later. Only months in which the beneficiary's earnings exceed $75 (or 15 hours for those self-employed) are counted as part of the trial work period. Those months need not be consecutive. The trial work period benefit is not exhausted (provided medical improvement has not occurred) until the beneficiary has earned $75 for each month or more than 15 hours of self-employment in all nine months.

If earnings exceed an average of $300 a month ($700 for beneficiaries who are blind) during the trial work period, or a later period of time, the beneficiary has exceeded the substantial gainful activity (SGA) level and has demonstrated the ability to work in spite of a disabling impairment. **In such cases, benefits do not cease during the trial work period because of the protections of this work incentive.** However, the Social Security Administration may find the beneficiary is no longer disabled during the first month of SGA after the trial work period. In such instances, the beneficiary receives benefits for that month and two months thereafter (the 3-month grace

period). If applicable, the extended period of eligibility provisions described below will follow.

Impact on Clients of Rehabilitation Facilities

Beneficiaries who earn more than $75 per month in sheltered employment may have those months in which their earnings exceed that level counted as part of their nine-month trial work period and thus would not be available to them when they later attempt competitive employment. This is not the intent of the law in situations where sheltered employment differs significantly from competitive employment in that earnings include subsidies based on financial need or substantial staff support is needed to perform the work.

The Social Security Administration (SSA) field office can assist in clarifying the effect of sheltered work or trial work period.

Any months in which earnings in supported employment exceed $75 are counted as part of the trial work period.

Extended Period of Eligibility

SSDI beneficiaries who complete a trial work period and continue to have a disability impairment are entitled to an extended period of eligibility. The extended period of eligibility begins with the month after the 9-month trial work period is completed and varies in length according to the number of months during which the beneficiary engaged in substantial gainful activity (SGA). Within that extended period of eligibility, there is a reinstatement period of 36 consecutive months. If earnings exceed substantial gainful activity (SGA) levels in any of those 36 months, beneficiaries do not receive monthly cash payments for those months but do retain their Medicare coverage. If earnings fall below substantial gainful activity (SGA) levels during any of the months in the reinstatement period,

cash payments for those months are paid without a new application, disability determination, or waiting period.

Upon completion of the trial work period, SSA will determine whether the beneficiary demonstrated the ability to perform substantial gainful activity (SGA). If the beneficiary has engaged in substantial gainful activity (SGA), disability benefits then will cease in the first month after the trial work period in which substantial gainful activity (SGA) was performed.

If the beneficiary does not engage in substantial gainful activity (SGA) after the trial work period, the extended period of eligibility continues indefinitely, but the reinstatement period ends 36 months after the end of the trial work period.

Medicare Qualifying Period

A new SSDI beneficiary must wait 24 months after disability benefits begin to qualify for Medicare. This is in addition to the five-month waiting period between the onset of disability and the beginning of disability benefits.

A person who becomes reentitled to SSDI benefits on the basis of an impairment, which is the same as, or directly related to the impairment which was the basis for the previous entitlement, does not have to serve another 24-month waiting period for Medicare benefits. This is the case whether the interruption was due to a temporary medical remission or earnings above the level of substantial gainful activity (SGA).

If the cessation of SSDI benefits occurs before the 24-month Medicare qualifying period is completed, the beneficiary must wait only the uncompleted months before becoming eligible for Medicare during a second period of eligibility. Months during the extended

period of eligibility count toward the waiting period, even if SGA levels were exceeded during any of them.

If the cessation occurs after the 24-month qualifying period is completed, the beneficiary becomes eligible for Medicare when SSDI benefits are reinstated.

Extension of Medicare Coverage

Medicare coverage for SSDI beneficiaries who continue to be medically disabled extends the 24 months following either the end of the extended period of eligibility or the last month of payment of disability benefits, whichever is later. If SSDI entitlement ends for reasons other than actually engaging in substantial gainful activity (SGA) (e.g., the person is no longer medically disabled), Medicare coverage ends at the same time as SSDI payments.

V. WORK INCENTIVES WHICH APPLY TO BOTH SSDI BENEFICIARIES AND SSI RECIPIENTS

Impairment-Related Work Expenses (IWRE)

Continued Payment to Individuals under a Vocational Rehabilitation Plan

Impairment-Related Work Expenses (IWRE)

The cost of certain impairment-related services, equipment, and other items which a person needs in order to work can be deducted from earnings in determining substantial gainful activity (SGA), even if these items are also needed for non-work activities. The person must not have been or expect to be reimbursed for these expenses.

The Social Security field office administers this provision. It may ask for verbal or written confirmation of expense deductions claimed, as well as an explanation of their relation to work and to the individual's disability. Such expenses must be reasonable, that is, represent the standard cost of the item or services in the beneficiary's community.

The range of items and services which are deductible under this provision is extensive. Claimants or their representatives are encouraged to contact the Social Security field office for assistance in making sure that all deductions possible are claimed.

This provisions applies to SSDI beneficiaries and SSI recipients in significantly different ways.

In the case of SSDI beneficiaries, impairment-related work expenses are deducted from earnings before determining whether those earnings fall at or below the substantial gainful activity (SGA) level. Where they fall below that level, the person is considered disabled and eligible for benefits. However, these expenses cannot be deducted from earnings when computing the person's monthly cash payments after entitlement to benefits is established.

Entitlement to SSI is based on the establishment of financial need as well as disability due to the inability to engage in substantial gainful activity (SGA). Impairment-related work expenses are deducted from earnings in determining whether those earnings fall below the level of substantial gainful activity (SGA) and thus qualify the person as having a disability. When initial SSI eligibility is

determined, impairment-related work expenses are not deducted from earnings in determining financial need. After SSI eligibility has been established, impairment-related work expenses can be deducted from earnings to determine the amount of monthly cash payments for SSI recipients only.

Continued Payment to Individuals Under a Vocational Rehabilitation Plan

If a person who is enrolled in an approved state vocational rehabilitation plan shows medical improvement and he/she is no longer considered disabled by SSA standards, he/she is still entitled to receive benefits until that plan is completed, provided that completion of that plan is likely to result in his/her permanent removal from the disability rolls.

This provision is designed to protect the benefits of persons who unexpectedly recover from a disabling impairment while preparing for work through a program approved by a state vocational rehabilitation agency. Its purpose is to encourage these persons to complete such programs so that they will increase their employability and reduce the likelihood of continued disability.

Both SSDI beneficiaries and SSI recipients are eligible under this provision. It is the only instance where benefits continue when a person is found to be no longer disabled on the basis of medical recovery.

VI. Glossary

Blind Work Expenses (SSI) - Provides that any earned income of a blind individual which is used to meet any expenses reasonably attributable to earning the income is not counted in determining SSI eligibility and payment amount.

Breakeven Point (SSI) - The dollar amount at which income precludes SSI payment. For example, an individual with $200 per month in countable income receives $154 in SSI. As his countable income increases, SSI payments decrease until he is no longer eligible for any SSI payment. Individual breakeven points vary with the person's earned/unearned income mix, applicable income exclusions, and state supplement eligibility, if any.

Continuing Disability Review (SSDI and SSI) - The process of obtaining complete current information about the disabled individual's condition and/or any work activity to determine if the Social Security Administration should continue disability payments.

Countable Income (SSI) - The amount of money remaining after certain disregards and exclusions are deducted from total income — used in determining SSI eligibility.

Deeming (SSI) - The process of considering another person's income and resources to be the income and resources of the individual who is applying for or receiving SSI benefits.

Extended Period of Eligibility (SSDI) - Permits the reinstatement of SSDI benefits, without a new application or disability determination, for those disabled persons whose disability was previously ceased because of substantial gainful activity if they still are considered medically disabled by SSA and discontinue substantial gainful activity within a specific period immediately following the trial work period.

Impairment-Related Work Expenses (SSDI and SSI) - Applies to disabled SSDI and disabled SSI (not blind) individuals. Provides that the cost to the disabled person of certain items and services needed by the individual to work, even though also needed for normal daily activities (e.g., attendant care services, medical devices, etc.) can be deducted from earnings in determining if the individual demonstrates the ability to engage in substantial gainful activity. It also provides that these same impairment-related work expenses can be deducted, under certain circumstances, from earned income to determine an SSI recipient's countable earned income.

Medicaid (SSI) - Medical coverage provided to an individual by the State Title XIX program.

Medical Improvement Expected (SSDI and SSI) - When a disability determination is made, and it is determined that the disabling impairment is expected to improve, the case is diaried for a future medical review (medical reexamination), generally within 2 years.

Medicare (SSDI) - Two-part Federal health insurance program for eligible disabled and retired people;
— HI - Hospital Insurance under Medicare

— SMI - Supplementary Medical Insurance under Medicare.

Plan for Achieving Self-Support (SSI) - Applies only to the Supplemental Security Income program. Under a plan, a disabled or blind individual is permitted to receive earned and unearned income, and accumulate resources over a specified period of time in order to obtain occupational training and education, purchase occupational equipment, establish a business, etc., thereby encouraging the individual to become financially self-supporting. The income and resources set aside under a plan are excluded from the SSI income and resource tests.

Substantial Gainful Activity (SSDI and SSI) - Performance of significant duties over a reasonable period of time in work for remuneration or profit (generally earnings averaging more than $300 per month for non-blind individuals (SSDI and SSI) and more than $700 per month for the blind (SSDI only) in 1988). The SGA criteria does not apply to blind individuals under SSI.

SSDI - Used to denote Title II Social Security Disability Insurance.

SSI - Used to denote Title XVI Supplemental Security Income.

Trial Work Period (SSDI) - Begins with the month of entitlement, however, it cannot begin earlier than the month the application is filed. It ends after nine months (not necessarily consecutive) of work for earnings of over $75 per month (or over 15 hours per month if self-employed) by an SSDI beneficiary or with medical

improvement, whichever is earlier. The trial work period gives a beneficiary the opportunity to test sustained work ability. A determination of the ability to perform substantial gainful activity is not made until after the trial work period is completed.

From *A Summary Guide to Social Security and Supplemental Security Income Work Incentives for the Disabled and Blind*, Social Security Publication No. 64-030, July 1987.

VII. References and Resources

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